



Credits, Exemptions, Exclusions, And Deductions

for

**Individual and Corporation Income Tax,
Corporation Franchise Tax, Inheritance Tax and Gift Tax**

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* Tax exemption contracts. The Department of Economic Development with the approval of the Governor may enter into contracts that provide certain tax credits or exemptions. The specific benefit depends on the contract.

Low-Income Housing Credit

Legal Citation: R.S. 47:12

Applicable To: Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit expired December 31, 1993, except for carryover of unused credits. The Louisiana Housing Finance Agency (LHFA) must certify the tax credit amount to which the taxpayer is entitled for each year of the credit period. The tax credit was patterned after the federal low-income housing credit. Questions concerning the calculation of or eligibility for the credit should be referred to LHFA, at (225) 763-8700 or <http://www.lhfa.state.la.us>.

**Carryover of
Unused Credits:** Credit that exceeds the Louisiana tax can be carried over to succeeding years until used.

Credit for Income Taxes Paid to Other States

Legal Citation: R.S. 47:33

Applicable To: Fiduciary income tax
Individual Income tax

In General: A taxpayer, who is a resident of Louisiana, or a trust or estate domiciled in Louisiana, is allowed a credit for income taxes properly paid to another state for the same tax year. The credit is dollar-for-dollar and independent of tax rates. If \$100 is properly paid to the other state, a \$100 credit is allowed against Louisiana income tax. The credit is claimed on Schedule A of the Louisiana individual income tax return (Form 540.) A copy of the other state's return must be attached to the Louisiana return. In the case of a trust, the income taxed by the other state must also be taxed by Louisiana; it cannot have been deducted in the distribution deduction.

Between August 15, 1998, and July 1, 2000, the credit was allowed for the tax year in which the other state's taxes were actually paid or the succeeding tax year. The credit was limited to taxes paid on income derived from property in another state, and the other state must have allowed a similar credit under similar circumstances.

**Carryover of
Unused Credit:**

There is no carryover or refund of the credit if the taxes paid to the other state exceeds the Louisiana tax. For the period August 15, 1998, through July 1, 2000, in limited circumstances, the credit was available for the tax year in which the other state's taxes were actually paid or in the succeeding tax year.

Specifics:

A return must be filed with the other state. Withholding statements are not acceptable because they do not document that any tax was actually due or paid to the other state. The credit is only for the tax due the other state regardless if estimated payments and withholding exceed that amount.

Only taxes paid to other states are eligible for the credit. Taxes paid to foreign countries, possessions of the United States, the District of Columbia, or other cities are not eligible.

The credit is only allowed for taxes paid to the other state on income that is taxable under its law irrespective of the residence or domicile of the recipient. The following examples illustrate the proper credit to be allowed against Louisiana taxes.

Example 1

Taxpayer A earned \$45,000 from salary and wages in Louisiana and \$55,000 from salary and wages in Mississippi. Taxpayer A is a Louisiana resident and files a nonresident income tax return in Mississippi and reports the \$55,000 earned in that state. Taxpayer A also files a Louisiana resident income tax return and reports all \$100,000 salary and wages. Taxpayer A is allowed a credit against their Louisiana income tax for the Mississippi income tax paid on the nonresident Mississippi income.

Example 2

Taxpayer B earns \$45,000 from salary and wages in Louisiana and \$55,000 from salary and wages in Mississippi. Taxpayer B is a resident of Louisiana and a resident of Mississippi. (An individual can claim to be a resident of two states but can only be domiciled in one.) Taxpayer B files a resident income tax return in Mississippi and reports all \$100,000 salary and wages. Taxpayer B also files a Louisiana resident income tax return and reports all \$100,000 of salary and wages. However, Taxpayer B is only allowed a credit against their Louisiana income taxes for the Mississippi income taxes paid on the \$55,000 earned in Mississippi. The total taxes paid as a Mississippi resident cannot be claimed on the Louisiana return because the \$45,000 Louisiana income was taxed by Mississippi based on Taxpayer B's residency in Mississippi.

Credit for Contributions of Tangible Property of a Sophisticated and Technological Nature to Educational Institutions

Legal Citation: R.S. 47:37, 47:287.34 and 47:287.755

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Taxpayers who donate, or sell below cost, new or used computer equipment to educational institutions located in Louisiana are allowed a credit of 40 percent of the value of the property or, in the case of a sale below cost, 40 percent of the difference between the price charged by the taxpayer and its value. The credit is limited to the total tax liability and is in lieu of the deductions in R.S. 47:57.

Form R-3400 must be completed by the taxpayer, the board charged with supervision of the educational institution, and, in the case of donation of used equipment, the educational institution. A copy of R-3400 must be attached to the return filed by the taxpayer.

The credit is available for tax periods beginning after December 31, 1985.

**Carryover of
Unused Credits:**

There is no carryover or refund of the credit if it exceeds the tax.

Specifics:

Type of property donated: The tax credit is primarily for computer equipment, including software. However, other property “of a sophisticated and technological nature” may qualify and will be considered upon written request. All property donated, including computer equipment, must be used by the educational institution for research, research training, or direct education of students.

If ***new property*** is purchased by the taxpayer and donated, the value of the property is the taxpayer’s cost as evidenced by a receipt. If the taxpayer is the manufacturer of the property, the value of the property is the lowest price at which the taxpayer sells the property.

The value of ***used property*** is determined by an appraisal obtained by the educational institution.

Credit for Converting Vehicles To Alternative Fuel Usage

Legal Citation: R.S. 47:38 and R.S. 47:287.757

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for vehicle conversion to certain alternative-fuel usage, for the purchase of vehicles that use certain alternative fuels, and for the purchase of equipment directly and exclusively related to the delivery of an alternative fuel into the fuel tank of a motor vehicle propelled by such fuel. The amount of the credit is 20 percent of:

- The cost of equipment installed to modify a motor vehicle that burns gasoline so that the vehicle may be propelled by an alternative fuel, provided the vehicle is registered with the Department of Public Safety and Corrections.
- The portion of the purchase price of a vehicle that burns alternative fuel that is attributable to the storage of the fuel, the delivery to the engine of the fuel, and the exhaust of gasses from combustion of the fuel, provided the vehicle is registered with the Department of Public Safety and Corrections.
- The cost of property that is directly and exclusively related to the delivery of an alternative fuel into the tank of a motor vehicle propelled by the fuel including compression equipment, storage tanks, and dispensing units for the fuel at the point where the fuel is delivered, provided the property is located in Louisiana.

If a vehicle is purchased that is already equipped to burn alternative fuels, the taxpayer may elect to compute the credit as the lesser of 20 percent of 10 percent of the cost of the vehicle or \$1,500 provided the vehicle is registered with the Department of Public Safety and Corrections. Otherwise the credit determined must be the exact basis, which is attributable to the property.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

The credit is claimed under “Other Credits” on the corporate return, and is claimed on Schedule A - “Other Credits” on the individual return.

**Carryover of
Unused Credits:**

There is a three-year carryforward.

Specifics:

Alternative fuels include compressed natural gas, liquefied natural gas, liquefied petroleum gas, reformulated gasoline, methanol, ethanol, electricity, and any other fuels that meet or exceed federal clean air standards.

Married filing separate. A husband and wife who file separate returns may each claim only one-half the credit that would be allowed on a joint return.

Credit for Certain Disabilities

Legal Citation: R.S. 47:297(A)

Applicable To: Individual income tax

In General: A credit of \$100 is allowed for the taxpayer, spouse, or dependent that is blind, deaf, mentally incapacitated, or has lost the use of a limb. Only one credit is allowed per person. The disability must exist at the end of the tax year or, if death occurred during the tax year, at the date of death.

The credit is claimed on Schedule A of the individual income tax return. A doctor's statement verifying the disability must be attached to the first return on which the disability is claimed.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: *Blind* is defined as one who is totally blind or whose central field of acuity does not exceed 20/200 in the better eye with correcting lenses or whose visual acuity is limited to a field no greater than 20 degrees.

Deaf is defined as one who cannot understand speech through auditory means alone even with the use of amplified sound and must either use visual means or rely on other means of communication.

Mentally incapacitated is defined as one who is incapable of caring for themselves or performing routine daily health requirements due to their mental condition.

Loss of limb is defined as one who has lost one or both hands at or above the wrist or one or both feet at or above the ankle. It also includes permanent loss of use of the limb or limbs.

Special Allowable Credit

Legal Citation: R.S. 47:297(B)

Applicable To: Individual income tax

In General: Taxpayers are allowed a credit of 10 percent of certain federal credits taken on the federal income tax return, not to exceed \$25. For example, if the eligible federal credits taken on the individual's federal return equal \$100, the credit allowed on the Louisiana return would be \$10. If the eligible federal credits equal \$300, the Louisiana credit would be \$25. If a credit was not taken on the federal return because of the alternative minimum tax, then no credit is allowed because the Louisiana credit is based only on the credits taken on the federal return.

The credit is claimed as a "Special Allowable Credit" on Schedule A of the Louisiana return. The following federal credits are eligible for this Louisiana credit:

- Credit for the elderly
- Credit for contributions to candidates for public office
- Investment tax credit
- Foreign tax credit
- Work incentive credit
- Jobs credit
- Residential energy credit

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: There is no credit for those federal credits that have been repealed. To the extent they are reenacted the Louisiana credit will again apply.

Credit for Gasoline and Special Fuels Taxes

Legal Citation: R.S. 47:297(C)

Applicable To: Individual income tax

In General: A credit is allowed for state gasoline, motor fuels, and special fuels taxes paid to operate a commercial fishing boat. The credit is only allowed if a tax refund has not been claimed under R.S. 47:1681 et seq.

Commercial fishing boat is defined as any watercraft used in the occupation of fishing for profit.

This credit, which is taken on Schedule A under “other credits,” is effective for tax periods beginning after December 31, 1992.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Education Credit

Legal Citation: R.S. 47:297(D)

Applicable To: Individual income tax

In General: A \$25 tax credit is allowed for each dependent child who is in school grades K-12 at least part of the year.

The education credit was enacted by Acts 1980, No. 316, and is for educational expenses incurred after January 1, 1979. Over the years, the education credit has been suspended as follows:

Tax Year	Status	Legislation
1986	Suspended	Acts 1986, No. 986 provided that the credit was allowed for expenses incurred after January 1, 1988, effective for tax periods beginning after December 31, 1985.
1987	Suspended	
1988	Suspended	1988 House Concurrent Resolution 52 suspended the tax credit through 1989.
1989	Suspended	
1990	Suspended	1989 House Concurrent Resolution 78 continued the suspension through 1990.
1991	Suspended	Acts 1990, No. 360 added Paragraph D(3) to suspend the credit from July 1, 1990, through June 30, 1992.
1992	Suspended	
1993	Suspended	Acts 1992, No. 1030 continued the suspension through June 30, 1994.
1994	Suspended	
1995	Suspended	Acts 1994, No. 21 continued the suspension through June 30, 1996.
1996	Suspended	
1997	Available	
1998	Available	
1999	Available	
2000	Suspended	Acts 2000, No. 38 suspended the credit for tax years beginning on or after January 1, 2000, and before January 1, 2002.
2001	Suspended	
2002	Suspended	Acts 2002, No. 25 continued the suspension through December 31, 2005.
2003	Suspended	
2004	Suspended	
2005	Suspended	

Carryover of Unused Credits: There is no carryover or refund of credit.

Family Responsibility Credit

Legal Citation: R.S. 47:297(F) and R.S. 46:449

Applicable To: Individual income tax

In General: Individuals who have a contract with the Louisiana Department of Social Services to contribute for the cost of medical care for indigent relatives in the family responsibility program under the provisions of R.S. 46:449 are eligible for a credit of one-third of their contribution, limited to \$200 per year. The credit is claimed on Schedule A of the return under "Other Credits."

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Small Town Doctors and Dentists Credit

Legal Citation: R.S. 47:297(H)

Applicable To: Individual income tax

In General: A tax credit equal to the lesser of the tax due or \$5,000 is available to certified medical doctors or licensed dentists. The credit is available to doctors and dentists who relocate their primary office to certain locations and agree to certain conditions for a period of at least three years. The tax credit is available for up to five years.

If the doctor or dentist violates the conditions of the credit during the initial three-year period, all credits taken in prior years are subject to recapture.

The credit is claimed on Schedule A of the return under "Other Credits" and a statement that the terms of R.S. 47:297(H) have been met and will be met for a period of at least three years must be attached.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: The requirements for doctors are:

- The taxpayer must be a certified medical doctor possessing an unrestricted license from Louisiana to practice medicine.
- The doctor must move and maintain their primary office after July 1, 1991, to within 20 miles of a community hospital not owned predominantly by other physicians and the primary office cannot have been so located prior to July 1, 1991.
- Both the office and the hospital must be located more than 20 miles from the nearest incorporated city with a population of more than 30,000 persons.
- The doctor must accept Medicaid and Medicare payments.

The requirements for dentists are:

- The taxpayer must be a dentist licensed by Louisiana to practice dentistry.
- The dentist must move and maintain their primary office after July 1, 2002, in an area designated as a Dental Health Professional Shortage Area (HPSA) by the U.S. Department of Health and Human Services.
- The dentist must accept Medicaid and Medicare payments.

Bone Marrow Donor Expenses Credit

Legal Citation: R.S. 47:297(I) & R.S. 47:287.758

Applicable To: Individual income tax
Corporation income tax

In General: A tax credit is allowed for employers who provide a program for employees who are actual or potential bone marrow donors. The credit is 25 percent of the eligible expenses of the program. If wages paid to an employee are included as eligible expenses for computation of the credit, the wages are not allowed as a deduction in computing taxable income. If eligible expenses include charitable contributions, then those contributions are not allowed as a deduction for computing taxable income.

The credit is claimed under “Other Credits” on the corporate return and on Schedule A under “Other Credits” on the individual return.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: Eligible expenses for computation of the credit are:

- Expenses for development of an employee bone marrow donation program.
- Expenses for employee education related to bone marrow donation, including but not limited to the need for donors and an explanation of the procedures used to determine tissue type and to donate bone marrow.
- Payments for determining the tissue type of an employee who agrees to register as a donor.
- Wages paid to an employee for time related to tissue typing and donation.
- Transportation of an employee to a donation site or any other expenses related to the donation.

Credit for Educational Expenses incurred for a Degree Related to Law Enforcement

Legal Citation: R.S. 47:297(J)

Applicable To: Individual income tax

In General: A tax credit is granted to certain law enforcement officers and employees for education expenses associated with attending college. The credit, which is limited to the amount of tax due, 100 percent of the educational expenses associated with attending college, or \$750, whichever is less.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: “Qualifying taxpayer” means any of the following:

- A full-time employee of the office of state police;
- A deputy sheriff eligible for state supplemental pay;
- A municipal police officer eligible for state supplemental pay; or
- A full-time commissioned probation and parole agent of the division of probation and parole-adult, Department of Public Safety and Corrections.

Credit for the Employment of Certain First Time Drug Offenders

Legal Citation: R.S. 47:297(K), 47:287.34 & 47:287.752

Applicable To: Individual income tax
Corporation income tax

In General: A tax credit is allowed for each taxpayer who provided full-time employment to an individual who has been convicted of a first time drug offense and who is less than 25 years of age at the time of the initial employment. The credit is for \$200 per tax year per eligible employee and may be received for two years per employee. Only one credit is allowed per tax year per employee.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Credit for the Purchase of a Bulletproof Vest

Legal Citation: R.S. 47:297(L)

Applicable To: Individual income tax

In General: A tax credit is allowed to certain law enforcement personnel for the purchase of a bulletproof vest. The credit is the lesser of the purchase price including taxes paid by the taxpayer or \$100. Only one credit is allowed for each five-year period beginning with the purchase of the vest. The credit is effective for tax periods beginning after December 31, 1997.

Carryover of Unused Credits: There is no carryover or refund of credit if it exceeds the tax.

Specifics: The following law enforcement personnel qualify for the credit:

- full-time employees of the office of state police;
- deputy sheriffs eligible for state supplemental pay;
- municipal police officers eligible for state supplemental pay;
- full-time commissioned probation and parole agents of the division of probation and parole, Department of Public Safety and Corrections; and
- commissioned investigators in the Department of Justice.

Long-Term Care Insurance Premiums Credit

Legal Citation: R.S. 47:297(M)

Applicable To: Individual income tax

In General: An individual who purchases a federally qualifying long-term care insurance policy is allowed a tax credit for 10 percent of the total amount of premiums paid annually. Taxpayers applying for the credit must complete a form prescribed by the department.

The credit becomes effective if and when the legislature enacts a special fund to finance the credit.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Specifics: For the premiums to qualify for the credit, the long-term care insurance policy must:

- be approved by the commissioner of insurance for sale in Louisiana.
- comply with the requirements of Part VI of Chapter 1 of Title 22 of the Louisiana Revised Statutes of 1950.
- qualify for the federal credit as a long-term care insurance contract as defined in Section 7702(B)(6) of the Internal Revenue Code of 1986.

Credit for Employment-Related Expenses for Maintaining a Household for Certain Disabled Dependents

Legal Citation: R.S. 47:297.2

Applicable To: Individual income tax

In General: Persons who maintain a household that includes dependents who are physically or mentally disabled are allowed a credit effective for tax periods beginning after December 31, 1996.

The expenses allowed for the credit are for household services and care of a qualifying individual if they are incurred to enable the taxpayer to be gainfully employed (26 U.S.C.A. § 21).

The credit is claimed on Schedule A under “Other Credits”.

**Carryover of
Unused Credits:** Unused credits can be carried over to succeeding years until used.

Specifics: For tax years beginning before January 1, 2003:

- The credit is 30 percent of employment-related expenses.
- The percentage is reduced by one percentage point (but not below 20 percent) for each \$2,000 (or fraction thereof) of a taxpayer’s adjusted gross income that exceeds \$10,000 in a taxable year.

For tax years beginning after December 31, 2002:

- The credit is 35 percent of employment-related expenses.
- The percentage is reduced by one percentage point (but not below 20 percent) for each \$2,000 (or fraction thereof) of a taxpayer’s adjusted gross income that exceeds \$15,000 in a taxable year.

Credit for Certain Child Care Expenses

Legal Citation: R.S. 47:297.4

Applicable To: Individual income tax

In General: Taxpayers are allowed a credit for a percentage of the federal child and dependent care credit taken on a resident's federal income tax return. If a federal credit was not taken because of the alternative minimum tax, then no state credit is allowed because the Louisiana credit is based on the credits taken on the federal return.

Carryover of Unused Credits: If the credit exceeds the tax liability and federal adjusted gross income is \$25,000 or less, it is refunded. If federal adjusted gross income is over \$25,000 there is a five-year carryforward of unused credit.

Specifics: The state child care tax credit is allowed as follows:

Federal Adjusted Gross Income	Percent of Federal Credit
\$25,000 or less	50%
\$25,001 to \$35,000	30%
\$35,001 to \$60,000	10%
Over \$60,000	Lesser of \$25 or 10%

Credit for Employment in a Qualified Motion Picture Production

Legal Citation: R.S. 47:1125.1

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for the employing of Louisiana residents in a qualified motion picture production. If payroll for the production is at least \$300,000 but less than \$1 million for the tax year, a tax credit of ten percent of the total Louisiana residents' payroll is allowed. If payroll for Louisiana residents employed is more than \$1 million, a tax credit of 20 percent of the total Louisiana residents' payroll is allowed. The total payroll may not include any employee whose salary is \$1 million or more.

The credit may be applied to any entity taxed as a corporation for federal income tax purposes, which includes corporations, partnerships, limited liability companies, and other entities.

The credit is null and void after June 30, 2006.

**Carryover of
Unused Credits:** There is no carryover or refund of credit if it exceeds the tax.

Credit for Employment of the Previously Unemployed

Legal Citation: R.S. 47:6004

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Employers are eligible for a \$750 credit for hiring previously unemployed persons in newly created full-time jobs. To qualify for the credit, the employer must increase their full-time employment level by five percent over the previous year and only those additional new employees over the five percent increase are eligible for the credit.

The \$750 per qualified new employee credit can be taken against the employer's income tax for the tax period in which the employee completes one year of full-time service. If the credit is taken against the employer's franchise tax, it is taken for the tax period following the period in which the employee completed one year of full-time service.

The credit is claimed on the individual income tax return, Schedule A, under "Other Credits" or on the Corporation income and franchise tax return under "Other Credits."

If this credit is claimed, the following tax credits cannot be claimed:

- credit for hiring eligible re-entrants (R.S. 47:287.748);
- corporate jobs credit (R.S. 287.749);
- neighborhood assistance tax credit (R.S. 287.753); or
- enterprise zone tax exemption contract (R.S. 51:1787).

This credit is effective for tax periods beginning on or after January 1, 1992.

**Carryover of
Unused Credits:** There is a five year carryforward of unused credits.

Specifics:

Qualifying employees must be Louisiana residents who have resided in the state for at least six months prior to employment and

- have been unemployed for at least an eight-week consecutive period prior to employment, or
- a recipient of Family Independence Temporary Assistance Program payments and participating in the Family Independence Work Program.

The employer must obtain a notarized statement from qualifying employees certifying that they meet either of the above conditions. The statements should not be submitted with the tax return, but must be maintained by the employer available for audit verification.

The five percent annual employment increase is calculated based on the average annual full-time employment reported by the employer to the Office of Employment Security for the previous tax year. For example, if the employer reported an average of 100 full-time jobs to employment security for tax year 1999, the employer would have to hire five additional full time employees in 2000, and then each additional qualifying employee hired would earn the credit. Abolished jobs are netted against created jobs in calculating the number of new jobs created.

Credit for the Purchase of Qualified Recycling Equipment

Legal Citation: R.S. 47:6005

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: Taxpayers are allowed a tax credit for qualified recycling equipment purchased between September 1, 1991, and December 31, 2000. The credit is 20 percent of the equipment's cost less any other tax credits received for purchase of the equipment.

The tax credit that may be taken in a tax year is limited to 20 percent of the equipment's total credit, which is the cost of the recycling equipment less the amount of any other tax credits received for the purchase of the equipment. The credit may not exceed 50 percent of the tax liability before the credit.

For example, if the 20 percent credit on a \$500 recycling equipment purchase is \$100, the maximum credit that can be claimed each year is \$20 (20 percent of \$100). However, if the tax liability without the credit was \$30, the second limitation (cannot exceed 50 percent of the tax liability) would limit the credit that could be claimed to \$15. Unused credits may be carried forward.

If the equipment is sold before the total credit is claimed, the credit otherwise allowable may be claimed in the tax year of the sale and any unused credit is canceled for future periods.

The credit is claimed on the corporate return under "Other Credits," or on the individual return on Schedule A under "Other Credits."

**Carryover of
Unused Credits:** The credit may be carried forward until the credit is exhausted or the equipment is sold.

Specifics: Taxpayers must apply to the Department of Environmental Quality (DEQ) to receive this tax credit. DEQ determines if the equipment qualifies as recycling equipment as defined in the statute and provides certification of the allowable credit amount to the taxpayer and the Department of Revenue. To claim the credit, the taxpayer must attach a copy of this certification to the tax returns on which the credit is claimed.

Specifics:

Qualified recycling equipment is defined as:

- new machinery or new apparatus used exclusively to process post-consumer waste material, recovered material, or both; or
- manufacturing machinery used exclusively to produce finished products, the composition of that is at least 50 percent post-consumer waste material, recovered material, or both.

Qualified recycling equipment does not include vehicles and structures, machinery, equipment, or devices used to store or incinerate waste material.

Ad Valorem Tax (Inventory Tax) Credit

Legal Citation: R.S. 47:6006

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for ad valorem taxes paid to political subdivisions of Louisiana on inventory held by manufacturers, distributors, and retailers. No credit is allowed if the retailers collected the tax from their customers. The credit was phased-in as follows:

- 20 percent of inventory taxes paid from 7-1-92 through 6-30-93.
- 40 percent of inventory taxes paid from 7-1-93 through 6-30-94,
- 60 percent of inventory taxes paid from 7-1-94 through 6-30-95,
- 80 percent of inventory taxes paid from 7-1-95 through 6-30-96,
- 100 percent of inventory taxes paid on or after 7-1-96.

The tax credit is claimed for the income tax period in which the inventory tax is paid or for the franchise tax period immediately following the payment of the inventory tax. The taxpayer must attach copies of the property tax assessments and cancelled checks evidencing payment of the taxes to the tax return.

**Carryover of
Unused Credits:** If the credit exceeds the tax liability, it is refunded.

Specifics: Taxpayers in the business of selling tangible personal property are eligible for the credit. Service businesses such as doctors, lawyers, accountants, and repair shops are generally not eligible for the credit.

Ad Valorem Tax Credit for Offshore Vessels

Legal Citation: R.S. 47:6006.1

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for ad valorem taxes paid on vessels that operate principally in Outer Continental Shelf Lands Act Waters. To qualify for the credit, the taxpayer must certify to the assessor that the vessel operated principally in outer continental shelf waters within the calendar year immediately before the tax year of assessment of the vessel and the ad valorem tax must have been paid to the political subdivision without protest.

**Carryover of
Unused Credits:** There is no carryover of credit that exceeds the Louisiana tax. Any excess will be refunded to the taxpayer even if the taxpayer paid no tax.

Specifics: The credit is taken as follows:

- **Corporations**—The credit may be applied against corporation income or franchise taxes. However, any credit allowable to a member of an affiliated group of corporations as defined in IRC § 1504 will be applied against the Corporation income and franchise taxes of the member and any other member of the group until the total credit has been applied.
- **Individuals**—The credit may be applied against the individual income tax.
- **Subchapter S corporations**—The credit for taxes paid by S corporations is applied first against any corporation income and franchise taxes due by the corporation. Any remaining credit is allocated to the shareholders in accordance with their ownership interests to be applied against their income tax.
- **Partnerships**—The credit for taxes paid by a partnership is allocated to the partners according to their distributive shares of the partnership gross income and applied against any income and corporation franchise tax liabilities.

Specifics:

The application of this credit was phased in over a three-year period. The credit is allowed as follows:

- For taxes paid on or after July 1, 1994, and before June 30, 1995, the credit is 60 percent of the taxes paid.
- For taxes paid on or after July 1, 1995, and before June 30, 1996, the credit is 80 percent of the taxes paid.
- For taxes paid on or after July 1, 1996, the credit is 100 percent of the taxes paid.

The tax credit is claimed in the income tax period in which the inventory tax is paid or in the franchise tax period immediately following the payment of the inventory tax. The return must include copies of the property tax assessments and cancelled checks evidencing payment of the taxes and Form LA-T11. If the credit is applied or allocated to more than one party, the documentation for the credit must be attached to each tax return claiming the credit.

Credit for Investment Losses in Certain Louisiana Film Productions

Legal Citation: R.S. 47:6007

Applicable to: Fiduciary income tax
Individual income tax
Corporation income tax

In General: This credit, which is only available to taxpayers domiciled in Louisiana, is for 50 to 67 percent of an investor's film production loss before July 1, 2002 or 10 to 15 percent of an investor's investment in a film production after July 1, 2002, depending on the level of investment.

A minimum investment in a "state-certified production" is required to qualify for the credit. The Louisiana Film and Video Commission and the Department of Economic Development must certify that the production is being produced by a motion picture production company domiciled and headquartered in the state and there is a distribution agreement with either a major theatrical exhibitor, television network, or cable television programmer. This certification is provided to the investors and the Department of Revenue.

This tax credit, which is available for tax periods beginning January 1, 1993, through December 31, 2007, is based on a percentage of the investor loss or the investment in the production as follows:

January 1, 1993 through June 30, 2002:

- Investments \$2 million but less than \$10 million—50 percent of loss.
- Investments \$10 million but less than \$25 million—60 percent of loss.
- Investments \$25 million and more—67 percent of loss.

July 1, 2002 through December 31, 2007:

- Investments \$300 thousand but less than \$1 million—10 percent of investment.
- Investments \$1 million and more—15 percent of investment.

**Carryover of
Unused credits:**

There is a 10-year carryforward of unused credit.

Specifics:

The procedures and guidelines for this credit may be obtained from the Film and Video Commission or the Department of Economic Development.

Credit For Donations to Assist Qualified Playgrounds

Legal Citation: R.S. 47:6008

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit is allowed for the lesser of \$1,000 or 50 percent of the value of a qualified donation to a qualified playground. The total credit that a taxpayer can claim for all donations to playgrounds may not exceed \$1,000.

This credit is effective for tax periods beginning after December 31, 1992.

**Carryover of
Unused Credits:** There is no carryover or refund.

Specifics: ***Qualified donation*** means a donation to a qualified playground to assist in the construction, operation, use, or maintenance of the playground. It also means a donation made to assist in the development, implementation, or sponsoring of recreational, educational, or health-related programs or events for the benefit of the children served by the qualified playground. The donation may be in the form of cash or donated equipment, goods, or services.

Qualified playground means a playground, recreational facility, or park owned or operated by the state or a political subdivision or by a community, volunteer organization, or nonprofit corporation that is eligible to receive funds under the community development block grant program of the United States Department of Housing and Urban Development. Donations may be made directly to the playground, to the playground's volunteer organization or booster club, or to a nonprofit corporation whose chartered purpose is to provide assistance to the qualified playground.

Louisiana Basic Skills Training Tax Credit

Legal Citation: R.S. 47:6009

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for Louisiana businesses that provide basic-skills training for their full-time employees. The employees must be Louisiana residents and participation in the training must be voluntary. The credit, which is administered by the Louisiana Department of Education, is \$250 per employee and a business's total basic skills training tax credit may not exceed \$30,000 in a tax year.

Taxpayer's interested in this credit should apply with the Department of Education before implementing an education program. A copy of the Department of Education's approval must be attached to the return on which the credit is claimed.

The credit is claimed under "Other Credits" on Schedule A for individuals and "Other Credits" on the return for corporations.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

**Carryover of
Unused Credits:** There is a two-year carryforward.

Specifics: Requirements for the credit are as follows:

- Participants must be full-time employees of a Louisiana business or industry who are voluntarily participating in the basic skills course.
- Participants must be Louisiana residents.
- Before beginning a basic skills training program provided by an accredited education agency, participants must complete a precourse evaluation and have grade-equivalent achievement levels below the 12th grade level in reading and mathematics.
- Upon completion of the basic skills training program, participants must complete a post-course evaluation performed by an accredited public education agency and must demonstrate at least three years grade level growth in reading and mathematics.

Credit for Alcohol and Substance Abuse Programs for Employees

Legal Citation: R.S. 47:6010

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed to any employer who sponsors a qualified alcohol and drug abuse treatment program. The credit is for five percent of the qualified alcohol and substance abuse treatment expenses paid by the employer on behalf of employees during the tax year. No credit is allowed for drug testing.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program, R.S. 51:2451 et seq., are not eligible to receive this tax credit.

This credit expired June 30, 2000.

**Carryover of
Unused Credits:** There is no carryover or refund.

Credit for Donations of Property to Certain State Offices and Agencies

Legal Citation: R.S. 47:6011

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for donations of historical property to the old state capitol, the state capitol complex, or the division of archives, records management, and history. The credit is effective for donations made between August 1, 1996, and June 30, 2000.

To qualify for the tax credit, the donation must be approved and accepted by the governor and secretary of state. The Joint Legislative Committee on Budget must also approve donations valued \$70,000 or more.

The credit expired June 30, 2000.

**Carryover of
Unused Credits:** Unused credits may be carried forward until the full credit has been used.

Specifics:

- The credit is for 50 percent of the property's value.
- The credit allowed in any tax year is limited to 25 percent of the total tax liability for corporations and 50 percent for other taxpayers.
- Any donation valued \$70,000 or more must be approved by the Joint Legislative Committee on the Budget before the credit can be granted.

Credit for Donations of Material, Equipment, or Instructors Made to Certain Training Providers

Legal Citation: R.S. 47:6012

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for donations of the latest technology available in materials and equipment and donations of instructors to public training providers, secondary and postsecondary vocational-technical schools, apprenticeship programs registered with the Louisiana Department of Labor, or community colleges within the state.

A tax credit is also allowed to employers in the state who donate materials, equipment, or instructors to public training providers secondary and postsecondary vocational technical schools, apprenticeship program registered with the Louisiana Department of Labor, or community colleges to assist in the development of training programs designed to meet industry needs.

The credit is effective for donations made from July 1, 1998, through December 31, 2000.

**Carryover of
Unused Credits:** None.

Specifics:

- The credit is for one-half the value of the donated materials, equipment, or services rendered by the instructor.
- The credit, when combined with all other applicable tax credits, may not exceed 20 percent of the taxpayer's tax liability for the year.

Credit for Ad Valorem Tax Paid by Certain Telephone Companies

Legal Citation: R.S. 47:6014

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A credit is allowed for 40 percent of the total ad valorem taxes paid to Louisiana political subdivisions by telephone companies on their public service properties.

The credit is effective for income and franchise tax years ending on or after December 31, 2001.

**Carryover of
Unused Credits:** Excess tax credits are refunded.

Research and Development Credit

Legal Citation: R.S. 47:6015

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Department of Economic Development (DED) may approve a credit to qualifying taxpayers in an amount equal to eight percent of the state's apportioned share of the taxpayer's expenditures for increasing research activities, or 25 percent of the state's apportioned share of eligible expenditures if the taxpayer claims the alternative incremental tax credit pursuant to 26 U.S.C.A. §41. DED may also approve an additional one-time credit to taxpayers who receive Small Business Innovation Research Grants for eight percent of the award.

The credit is phased-in as follows:

- 25 percent of the credit is allowed for the period January 1, 2003 through December 31, 2003,
- 50 percent of the credit is allowed for the period January 1, 2004 through December 31, 2004,
- 75 percent of the credit is allowed for the period January 1, 2005 through December 31, 2005,
- 100 percent of the credit is allowed for the period beginning after December 31, 2005.

This credit is effective for income tax years beginning after December 31, 2002 and franchise tax years beginning after December 31, 2003.

Carryover of Unused Credits: There is a 10-year carryforward of unused credits.

Specifics: The state's apportioned share of expenditures is calculated as follows:

- the excess of the taxpayer's qualified research expenses for the taxable year over the base amount multiplied by the ratio of the qualified research expenses in this state for the taxable year to the taxpayer's total qualified research expenses for the taxable year.

New Markets Credit

Legal Citation: R.S. 47:6016

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for investments in qualified low-income community development entities (CDEs). The total tax credits that may be allowed for all taxpayers during any taxable year cannot exceed \$5 million. Before claiming the tax credit, investors must make application to the Department and the credits will be allocated on a first-come, first-served basis.

Investors are eligible for the tax credit if the Community Development Entity (CDE) has made qualified low-income community investments and no more than 25 percent of their investments in low-income communities are in the form of loans. Also, qualified low-income community investments cannot consist of investments secured by any state or federal governmental entity.

This credit is effective for tax years beginning on or after September 1, 2002 and is null and void on August 31, 2006.

**Carryover of
Unused Credits:** Unused credits can be carried over to succeeding years until used.

Specifics: An 11 percent credit is allowed over a seven-year period and is computed by multiplying the amount invested in the qualified community development entity by the applicable percentage rate as follows:

- one percent for the year that the investment is made and the next two years;
- two percent for the next four years.

Credit for Debt Issuance Costs

Legal Citation: R.S. 47:6017

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Any other state tax

In General: An economic development corporation is allowed a credit equal to the filing fee paid to the Louisiana Bond Commission for the preparation and issuance of bonds.

**Carryover of
Unused Credits:** There is no carryover or refund of unused credits.

Credit for Purchases from Prison Industry Enhancement Contractors

Legal Citation: R.S. 47:6018

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for the state sales and use taxes paid on purchases of specialty apparel items from a Private Sector Prison Industry Enhancement (PIE) contractor.

PIE contractors use inmate labor to produce items for sale and then pay 30 percent of the salary paid to the inmates back to the state.

This credit is effective for income tax years beginning after December 31, 2002, and franchise tax years beginning after December 31, 2003.

**Carryover of
Unused Credits:** If the credit exceeds the tax liability, it is refunded.

Specifics: The credit is for the state sales and use tax paid by the purchaser on the apparel purchased during the purchaser's tax year.

Credit for Rehabilitation of Historic Structures

Legal Citation: R.S. 47:6019

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: A tax credit is allowed for the eligible costs and expenses incurred during the rehabilitation of a historic structure located in a downtown development district. The credit is 25 percent of the cost and expenses up to \$250,000 per structure.

This credit is effective for the period July 1, 2002, through December 31, 2004.

**Carryover of
Unused Credits:** There is a five-year carryforward of unused credits.

Specifics: To qualify for the credit, the historic structure must be located in a downtown development district and listed on the National Register of Historic Places or certified by the Department of Culture, Recreation and Tourism as contributing to the historical significance of the state.

Louisiana Capital Companies Credit

Legal Citation: R.S. 51:1924

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
If applicable, insurance premium tax

In General: Persons who invest in the certified capital of a certified Louisiana capital company may claim an insurance premium tax reduction under R.S. 22:1068(E) or an income tax credit. The income tax credit is 35 percent of the cash investment and is allowed in the tax year in which the investment was made.

The Department of Economic Development, Office of Financial Institutions certifies the investment amount and that the company is a Louisiana capital company and provides for the sale of unused credits. Taxpayers claiming the credit must attach certification of their eligibility for the credit.

The credit is claimed on the individual income tax return, Schedule A, under "Other Credits" or on the corporate return under "Louisiana Capital Companies Credit."

Carryover of Unused Credits: There is unlimited carryforward of unused credits.

Specifics: If the investor chooses to take the insurance premium tax reduction rather than the income tax credit, a request for allocation must be filed with the Department of Economic Development before October first of any calendar year.

This credit, which applies to investors in Louisiana Capital Companies, should not be confused with the five-year corporation income and franchise tax exemption granted to Certified Louisiana Capital Companies by R.S. 51:1932.

Credit for Cash Donations to the Dedicated Research Investment Fund

Legal Citation: R.S. 51:2203

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: A credit is allowed for 35 percent of cash donations to the Dedicated Research Investment Fund. To qualify for the credit, the donation must be \$200,000 or more donated within a 12-month period and certified by the Board of Regents.

The credit is claimed on the individual income tax return, Schedule A, under "Other Credits" or on the corporation income tax return under "Other Credits."

**Carryover of
Unused credits:** There is unlimited carryforward.

Credit for Insurance Company Premium Tax

Legal Citation: R.S. 47:227

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax

In General: Insurance companies are entitled to a credit (offset) against their income tax for any insurance premium taxes paid during the preceding 12 months. Insurance premium taxes are paid to the Insurance Commission.

This offset was enacted in 1934.

**Carryover of
Unused Credits:** There is no carryover or refund of credits that exceed the Louisiana tax.

Credit for New Jobs

Legal Citation: R.S. 47:34, R.S. 47:287.34 and R.S. 47:287.749

Applicable To: Corporation income tax

In General: Employers are allowed a tax credit for hiring new employees for jobs in the state that did not previously exist.

The credit is calculated by multiplying the number of new eligible employees for the tax year by one of the following amounts:

- \$100 per eligible new employee;
- \$200 if the eligible employee is economically disadvantaged; or
- \$225 if the eligible employee is a resident of a neighborhood with an unemployment rate of 10 percent or more.

The credit that may be claimed for a tax year is limited to 50 percent of the employer's tax liability and is calculated by adding the previous years' carryover to the current year's credit.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

The credit is claimed on the corporation income tax return under "New Jobs Credit."

This credit is effective for tax periods beginning on or after January 1, 1980.

Carryover of

Unused Credits: Unused credits may be carried over for five years following the year in which the credit was earned.

Specifics:

Eligible new employee means a person residing and domiciled in this state hired on a regular full-time basis or part-time basis, if the person is performing duties at least 20 hours per week for at least six months during the tax year.

New economically disadvantaged employee means a new employee who:

- Is a member of a family that receives or would qualify to receive public assistance or whose income does not exceed the poverty level or does not exceed 70 percent of the lower living standard income level;
- Is a foster child on whose behalf state or local government payments are made; or
- Is one of the following, which presents significant barriers to employment:
 1. A client of a sheltered workshop
 2. A handicapped individual
 3. A person residing in an institution or facility providing 24-hour support, such as a prison, hospital, or
 4. A regular outpatient of a mental hospital rehabilitation facility or similar institution.

New employee who is a resident of a neighborhood with an unemployment rate of 10 percent or more means a new employee whose neighborhood, as determined by the Louisiana Department of Employment and Training, has an unemployment rate of 10 percent or more or who is a resident of an enterprise zone.

Documentation: A schedule showing the calculation of the credit must be attached to the return and should include the following information:

- Name, address, and social security number of each new employee;
- Highest number of full-time and qualified part-time employees during the previous year;
- Highest number of full-time and qualified part-time employees during the current year;
- Number of new employees hired for new jobs created during this tax year; and
- Amount of credit carried forward from previous years.

Credit for Neighborhood Assistance

Legal Citation: R.S. 47:35, R.S. 47:287.34 and R.S. 47:287.753

Applicable To: Corporation income tax

In General: The Commissioner of Administration may allow a tax credit of up to 70 percent of contributions for providing neighborhood assistance, job training and education for individuals, community services, crime prevention, etc. The commissioner determines the projects that qualify and the amount of the credit.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

This credit is effective beginning July 22, 1982.

**Carryover of
Unused Credits:** There is a five-year carryforward.

Credit for Refunds by Utilities

Legal Citation:	R.S. 47:265 and R.S. 47:287.664
Applicable To:	Corporation income tax
In General:	Utilities are allowed to take an income tax credit in lieu of a deduction from gross income for income tax increases that result because of the denial of a proposed rate increase. The net operating loss provisions of R.S. 47:287.86 have replaced the benefit of this credit.
Carryover of Unused Credits:	There is a two-year carryforward.
Specifics:	If a utility issues refunds to its customers because a court or regulatory agency has denied a proposed rate increase and the amounts which, if taken as a deduction from gross income in the year paid would result in a net loss, the utility may take a credit against its Louisiana income tax for the income tax increase that resulted because of inclusion of the amounts refunded in gross income in the year or years received regardless of whether the period in which the amount refunded was included in gross income.

Credit for Hiring Eligible Re-entrants

Legal Citation: R.S. 47:287.748

Applicable To: Corporation income tax

In General: A credit is allowed for hiring, in full-time jobs, eligible re-entrants who have been convicted of a felony and who have successfully completed the Intensive Incarceration Program under R.S. 15:574.4.

The credit is \$150 per eligible re-entrant and is comprised of the current year credit plus any carryover. The credit cannot exceed 50 percent of the tax liability. The credit is taken under "Other Credits" on the corporation income tax return.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

This credit is effective for tax years beginning after December 31, 1986.

**Carryover of
Unused Credits:** There is a five-year carryforward.

Specifics: *Eligible re-entrant* is a person:

- Residing and domiciled in this state who has been convicted of a felony and who has successfully completed the Intensive Incarceration Program;
- Who has been employed by the taxpayer in a full-time position in this state performing such duties at least 30 hours per week for at least six consecutive calendar months; and
- Who, since release from custody and prior to this current employment, has not been employed in a full-time position for six months or more.

Credit for Donations to Public Schools

Legal Citation: R.S. 47:6013

Applicable To: Corporation income tax
Corporation franchise tax

In General: A credit is allowed for qualified donations to public elementary or secondary schools. The credit is for 40 percent of the appraised value of the donation, not to exceed the taxpayer's tax liability for the year.

Qualified donation means a donation of immovable property purchased or otherwise acquired by a corporation and donated to a public school immediately adjacent or contiguous to the property.

**Carryover of
Unused Credits:** There is no refund or carryforward of credits that exceed the tax liability.

Louisiana Capital Investment Tax Credit

Legal Citation: R.S. 51:2771

Applicable To: Corporation franchise tax

In General: Companies may apply for a tax credit for the capital costs of constructing or acquiring a qualifying project. The tax credit is five percent of the qualifying capital costs per year for 20 years beginning with the year that the project is placed in service. The credit may not exceed 100 percent of the qualifying capital costs.

This credit is null and void effective June 30, 2000. However, credits granted prior to June 30, 2000, will be effective for the remainder of the 20-year period.

**Carryover of
Unused Credits:** No carryover of unused credits.

Specifics: Companies receiving this tax credit are not eligible for a tax exemption contract for the new manufacturing establishments under R.S. 47:3201 et seq.

Qualifying projects must meet one of the following criteria:

- a project with capital costs of at least \$20 million and the prominent business activity is industrial, warehousing, or research.
- a small business addition with capital costs of at least \$1 million and the prominent business activity is industrial, warehousing, or research.
- a headquarters facility with capital costs of at least \$20 million.

In addition, to receive the capital credit, one of the following must occur:

- For projects qualifying *other* than under the small addition provision, not less than 20 jobs for new employees must be created.
- For projects qualifying under the small addition provision, not less than 10 jobs for new employees must be created

Technology Commercialization Credit

Legal Citation: R.S. 51:2354

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: This credit, which is administered by the Department of Economic Development, is 15 percent of the investment in machinery and equipment and all expenditures associated with obtaining the rights to use or the use of technology, including fees related to patents, copyrights, and licenses. To qualify for the credit, an individual or business must invest in the commercialization of Louisiana technology in Louisiana.

This credit is effective for income tax years beginning after December 31, 2002, and franchise tax years beginning after December 31, 2003.

Carryover of Unused Credits: There is a 20-year carryforward of unused credit.

Specifics: Qualifying projects for a four-year period must meet all of the following criteria:

- an investment in commercialization costs of at least \$250 thousand in the first tax year the machinery and equipment is placed in service in Louisiana.
- an investment in commercialization costs of at least \$2 million by the end of the fourth tax year after the first tax year the machinery and equipment was placed in service in Louisiana.

Atchafalaya Trace Heritage Area Development Zone Tax Exemption

Legal Citation: R.S. 25:1226.4

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Board of Commerce and Industry, after receiving approval from the review board consisting of the secretaries of the Department of Revenue and Culture, Recreation and Tourism, chairmen of the Atchafalaya Trace Heritage Area Commission, House Committee on Ways and Means, and Senate Revenue and Fiscal Affairs Committee and the executive director of the Atchafalaya Trace Commission, with the approval of the governor, may enter into contracts with heritage-based cottage industry concerns located in the development zone to grant tax credits to promote economic development and the creation of new jobs.

The credits that may be granted are:

- a \$750 credit for the business, and
- a \$750 credit for each new development zone resident employee.

The tax credit contract is for five years. The development zone covers the 13 parishes of St. Mary, Iberia, St. Martin, St. Landry, Avoyelles, Pointe Coupee, Iberville, Assumption, Terrebonne, Lafayette, West Baton Rouge, Concordia, and East Baton Rouge.

**Carryover of
Unused Credits:** Unused credits may be carried forward for 10 years.

Specifics: Taxpayers interested in this contract should contact the Department of Economic Development.

Biomedical Research and Development Parks and University Research and Development Parks

Legal Citation: R.S. 46:813.1 and R.S. 17:3389

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Other taxes imposed by the state

In General: The Board of Commerce and Industry, with the approval of the Governor and the Joint Legislative Committee can grant exemption contracts to promote biomedical or university research and development parks. Taxpayers interested in this contract should contact the Department of Economic Development.

Tax Equalization

Legal Citation: R.S. 47:3202

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Any other state tax

In General: The Board of Commerce and Industry, with the approval of the Governor, may grant companies that locate new headquarters or new manufacturing, warehouse, or distribution establishments in the state various state tax exemptions to equalize the taxes paid to Louisiana with the taxes that would be paid to another state where the company is located or is contemplating locating.

Taxpayers interested in this contract should contact the Department of Economic Development.

Manufacturing Establishments

Legal Citation: R.S. 47:4305

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
Sales tax
Any other state tax

In General: The Board of Commerce and Industry, with the approval of the Governor and the Legislative Budget Committee, can grant exemptions to new or existing manufacturing businesses.

Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Enterprise Zone

Legal Citation: R.S. 51:1787

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax
State and local sales taxes

In General: The Board of Commerce and Industry, with the approval of the Governor, may grant certain tax credits and exemptions to businesses that locate in areas designated as enterprise zones.

A new-jobs credit of \$2,500 (\$5,000 for the aviation, aerospace, and motor vehicle parts manufacturing industries) per qualifying new employee can be applied against corporation franchise and state income taxes. Rebates of state and local sales and use tax on the purchase of material used in building construction or improvement and sales tax on machinery and equipment used in the enterprise may also be granted.

Taxpayers interested in this contract should contact the Department of Economic Development.

Taxpayers receiving incentive tax credits under the Louisiana Quality Jobs Program (R.S. 51:2451 et seq.) are not eligible to receive this tax credit.

Quality Jobs Program

Legal Citation: R.S. 51:2455

Applicable To: Fiduciary income tax
Individual income tax
Corporation income tax
Corporation franchise tax

In General: The Board of Commerce and Industry, after consulting with the secretaries of the Department of Labor and the Department of Revenue, and with the approval of the governor, may enter into contracts with qualifying basic industry establishments to grant tax credits to promote economic development and the creation of new jobs.

The credit is the net benefit rate provided by the Department of Economic Development multiplied by the gross payroll of new direct jobs created as a result of the establishment locating in the state of Louisiana. The tax exemption contracts can be for five years and renewed for five additional years.

**Carryover of
Unused Credits:** This credit is refunded if it exceeds the taxpayer's tax liability.

Specifics: Taxpayers interested in this contract should contact the Department of Economic Development.

Individual Income Tax Exemptions, Exclusions, and Deductions

Exemptions, Exclusions, and Deductions	Legal Citation	Page No.
1. Annual retirement income exclusion	R.S. 47:44.1(A)	63
2. Federal retirement benefits exclusion	R.S. 47:44.2	63
3. Federal income tax deduction	La. Const., art. VII, Part I, § 4(A)(West 2001); R.S. 47:293(5); 47:293(6); 47:300.6; 47:300.7	63
4. S bank income exclusion	R.S. 47:293(7); 47:293(6)(a)(vii); 47:297.3; 47:300.6(B)(2)(d); 47:300.7(C)(2)(c)	63
5. State employees, teachers, and other retirement benefit exclusion	Various	64
6. Dependent exemption deduction	R.S. 47:79; 47:294(B)	65
7. Excess federal itemized deductions	R.S. 47:293	65
8. Personal exemption—standard deduction	R.S. 47:294(A)	65
9. Deduction for adaptive home improvements for disabled individuals	R.S. 47:59.1; R.S. 47:77	65
10. START savings program contribution	R.S. 47:293(6)(a)(vi)	66
11. Certain compensation paid to military personnel	R.S. 47:293(6)(e)	66
12. Disability income exclusion	R.S. 47:44.1(B)	66
13. Exemption for estate or trust	R.S. 47:300.6(B)(2)(c)	66

1. Annual Retirement Income Exclusion

Legal Citation: R.S. 47:44.1(A)
Effective Date: Tax periods beginning after 12-31-80
In General: Persons 65 years or older may exclude up to \$6,000 of annual retirement income from their taxable income.

2. Federal Retirement Benefits Exclusion

Legal Citation: R.S. 47:44.2
Effective Date: 1988 and Subsequent Tax periods
In General: Federal retirement benefits received by federal retirees, both military and nonmilitary, may be excluded from Louisiana taxable income.

3. Federal Income Tax Deduction

Legal Citation: La. Const., art. VII, Part I, § 4(A) (West 2001); R.S. 47:293(5); R.S. 47:293(6); R.S. 47:300.6; R.S. 47:300.7
Effective Date: 1974
In General: A deduction is allowed for federal income tax paid on income that is taxed by Louisiana.

4. S Bank Income Exclusion

Legal Citation: R.S. 47:293(7); R.S. 47:293(6)(a)(vii); R.S. 47:297.3; R.S. 47:300.6(B)(2)(d); R.S. 47:300.7(C)(2)(c)
Effective Date: Tax periods beginning after 12-31-02
In General: Individuals may exclude income they received from banks organized as S corporations. No exclusion exists for individuals prior to January 1, 2003.

Individual Income Tax Exemptions, Exclusions, and Deductions

5. State Employees, Teachers, and Other Retirement Benefits Exclusion

In General: Individuals receiving benefits from certain retirement systems are allowed to exclude those benefits from their Louisiana tax-table income. Acts 68 and 69 of 1991, amended and reenacted R.S. 33:7203 and R.S. 40:427.2(E), relative to Municipal and State Police Employees Retirement Systems, to provide that deferred retirement option plan funds are exempt from state income tax.

Legal Citations:

R.S. 11:405	State Employees' Retirement System
R.S. 11:570	Funded Judicial Retirement Plan
R.S. 11:1378	Non-contributory Judicial Retirement Plan beginning after December 30, 1980
R.S. 11:704	Teachers' Retirement System
R.S. 11:704	Teachers' Retirement System of Orleans Parish
R.S. 11:1003	Louisiana School Employees' Retirement System
R.S. 11:1331	Louisiana State Police Pension and Retirement Fund
R.S. 11:1391	Pension for Confederate Veterans and Widows of Confederate Veterans
R.S. 11:1403	Assessors' Retirement Fund
R.S. 11:1526	Clerks' of Court Retirement and Relief Fund
R.S. 11:1583	District Attorneys' Retirement System
R.S. 11:1735	Municipal Employees' Retirement System of Louisiana
R.S. 11:1735	City of Baton Rouge Retirement System
R.S. 11:1735	Employees' Retirement System of East Baton Rouge Parish
R.S. 11:1735	Employees' Retirement System of City of Shreveport
R.S. 11:1905	Parochial Employees' Retirement System
R.S. 11:1905	Employees' Retirement System of Jefferson Parish
R.S. 11:3014	City of Alexandria Employees' Retirement System
R.S. 11:3051	City of Bogalusa Employees' Retirement System
R.S. 11:2033	Registrar of Voters Employees' Retirement System
R.S. 11:2182	Sheriffs' Pension and Relief Fund
R.S. 11:2228	Municipal Police Employees' Retirement System
R.S. 11:2228	Policemen's Pension and Relief Fund of the City of Shreveport
R.S. 11:2263	Firefighters' Retirement System
R.S. 11:3140	Firefighters' Pension and Relief Fund for the Consolidated Fire Districts Bastrop
R.S. 11:3161	Firefighters' Pension and Relief Fund for Baton Rouge
R.S. 11:3171	Firefighters' Pension and Relief Fund for Bogalusa
R.S. 11:3205	Bossier City Firemen's Pension and Relief Fund
R.S. 11:3294	Lafayette (City of) Firemen's Pension and Relief Fund
R.S. 11:3345	Monroe Firemen's Pension and Relief Fund
R.S. 11:3389	Firefighters' Pension and Relief Fund of New Orleans
R.S. 11:3513	City of Monroe Police Pension and Relief Fund
R.S. 11:3566	Policemen's Pension and Relief Fund for Alexandria
R.S. 11:3568	Bossier City Policemen's Pension and Relief Fund
R.S. 11:3608	Lafayette (City of) Policemen's Pension and Relief Fund
R.S. 11:3658	Policemen's Pension and Relief Fund for the Department of the City of New Orleans
R.S. 11:3691	Harbor Police Retirement System (Port of New Orleans)
R.S. 11:3770	Bus Drivers' Pension and Relief Fund of the City of Monroe
R.S. 11:3800	Electrical Workers' Pension and Relief Fund of the City of Monroe
R.S. 11:3823	Employees' Retirement System of the Sewage and Water Board of the City of New Orleans
R.S. 11:3823	New Orleans (City of) Employees' Retirement System
R.S. 17:1613	Louisiana State University Retirement System
R.S. 47:44.2	Railroad Retirement System Benefits
R.S. 47:44.2	Social Security Retirement Benefits
R.S. 47:52	Disability Pay to World War II Veterans
U.S.C.A. 45:231m	Railroad Retirement Supplemental

Effective Date: Various (1946 and subsequent years)

6. Dependent Exemption/Deduction

Legal Citation: R.S. 47:79(B), which was superseded by R.S. 47:294(B)
Effective Date: January 1, 1935
In General: A \$1,000 deduction from the lowest tax bracket is allowed for each dependent.

7. Excess Federal Itemized Deductions

Legal Citation: R.S.47:293
Effective Date: Tax periods beginning on or after January 1, 1980
Special provisions for tax periods beginning after December 31, 1999, and ending before January 1, 2004.
In General: Taxpayers are allowed to deduct federal itemized deductions that are in excess of the federal standard deduction.
Acts 2000, No. 38 reduced the deduction to only one half of the total for the tax periods beginning after December 31, 1999, and ending before January 1, 2002.
Acts 2002, No. 24 added R.S. 47:293(2)(c) and (d) to provide that for the tax periods beginning after December 31, 2001, and ending before January 1, 2003, only 57.5 percent of the excess federal itemized deductions may be deducted. Beginning after December 31, 2002, and ending before January 1, 2004, the deduction is 65 percent of the total excess federal itemized deductions.
The federal standard deduction for the tax year 2002 is \$4,700 for taxpayers filing single, \$7,850 for taxpayers filing joint returns or as qualifying widow(er)s, \$3,925 for married taxpayers filing separately, and \$6,900 for head of households.

8. Personal Exemption-Standard Deduction

Legal Citation: R.S.47:294(A)
Effective Date: January 1, 1935
In General: Taxpayers are allowed a personal exemption and a standard deduction from tax-table income. The amount is deducted from the lowest tax bracket. The combined personal exemption-standard deduction is \$4,500 for taxpayers filing single or separate returns and \$9,000 for taxpayers filing joint returns or as head of household.

9. Deduction for Adaptive Home Improvements for Disabled Individuals

Legal Citation: R.S. 47:59.1; R.S. 47:77
Effective Date: June 7, 1994
In General: Individuals with permanent disabilities are allowed to deduct up to \$5,000 in expenses incurred for disability adaptations made to their primary residence. To qualify for the deduction, the disabled individual's gross family income must be \$50,000 or less.
In computing the deduction, R.S. 47:77 provides that personal living expenses, amounts paid that increase the value of the residence, amounts expended in restoring property, or life insurance premiums paid are not deductible.

10. START Savings Program Contribution

Legal Citation: R.S. 47:293(6)(a)(vi)

Effective Date: July 1, 2000

In General: Contributions made to the Louisiana Student Tuition Assistance and Revenue Trust Program (START) can be deducted from adjusted gross income beginning on or after January 1, 2001. The first \$2,400 contributed each year per child is deductible.

The contribution is deducted on Schedule E of the resident return. For nonresidents and part-year residents the deduction is included as an adjustment to income. An individual may elect to have their income tax overpayment deposited into their START account.

Any funds withdrawn from the account to pay expenses other than tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution and room and board for students must be included in taxable income

11. Certain Compensation Paid To Military Personnel

Legal Citation: R.S. 47:293(6)(e)

Effective Date: January 1, 2001

Effective for tax periods beginning after December 31, 2002, and ending before January 1, 2005.

In General: An individual who is on active full time duty as a member of the armed forces can exclude compensation paid for services performed outside this state by the armed forces up to \$30,000 from taxable income.

Full-time duty is defined as duty that is or will be continuous and uninterrupted for 120 consecutive days or more.

12. Disability Income Exclusion

Legal Citation: R.S. 47:44.1(B)

Effective Date: January 1, 2001

In General: Persons receiving disability income for a permanent total disability may exclude up to \$6,000 of annual disability income from their taxable income.

13. Exemption for Estate or Trust

Legal Citation: R.S. 47:300.6(B)(2)(c)

Effective Date: Taxable periods beginning after December 31, 2000

In General: A resident estate or trust is allowed an exemption that when combined with the federal exemption totals \$2,500.

Corporation Income Tax Exemptions, Exclusions, and Deductions

Exemptions, Exclusions, and Deductions	Legal Citation	Page No.
1. Credit union exemption	R.S. 6:662	68
2. Exemption for certain foreign corporations	R.S. 12:302(K) and R.S. 12:302(L)	68
3. Exemption for electric cooperatives	R.S. 12:425	68
4. Exemption for events, activities, or enterprises conducted in domed-stadium facilities	R.S. 39:467	68
5. Exemption for events, activities, or enterprises conducted in publicly-owned facilities	R.S. 39:468	69
6. Exemption for state banking corporations and shareholders	R.S. 47:8; R.S. 47:121(2), and R.S. 47:287.71(B)(6)	69
7. Exemption for dividends from national banking corporations	R.S. 47:42 and R.S. 47:287.71(B)(6)	69
8. Exemption for interest on state or local government obligations	R.S. 47:48 and R.S. 47:287.71(B)(4)	70
9. Exclusion for governmental subsidies for operating public transportation systems	R.S. 47:51 and R.S. 47:287.71(B)(2)	70
10. Exclusion for income from carriage on high seas	R.S. 47:53	70
11. Exemption for certain corporations, organizations, etc.	R.S. 47:121(1)-(15); R.S. 47:287.501(A), R.S. 47:287.501(B)(I), and R.S. 47:287.521(A)	71
12. Percentage depletion deduction	R.S. 47:158(C) and R.S. 47:287.745	72
13. Net operating loss deduction	R.S. 47:246 and R.S. 47:287.86	72
14. Subchapter S corporation exclusion	R.S. 47:287.732	72
15. Federal income tax deduction	La. Const., art. VII, Part I, § 4(A)(West 2001); R.S. 47:55; 47:241; and 47:287.85; 47:300.6; 47:300.7	72

1. Credit Union Exemption

Legal Citation: R.S. 6:662
Effective Date: July 1, 1924
In General: Credit unions are exempt from all taxes except for taxes on immovable property owned. The shares of a credit union are not subject to a stock transfer tax when issued by the corporation or when transferred from one member to another. No fees or taxes, nor any of the stipulations as to capital stock set forth in general statutes for corporations apply to credit unions.

2. Exemption for Certain Foreign Corporations

Legal Citation: R.S. 12:302(K) and R.S. 12:302(L)
Effective Date: 1968
In General: Certain foreign corporations operating as mutual savings banks, mutual savings funds societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trusts, group insurance and annuity corporations, and nonprofit or nontrading corporations are exempt from state corporation income tax.

3. Exemption for Electric Cooperatives

Legal Citation: R.S. 12:425
Effective Date: July 1, 1940
In General: Electric cooperatives are exempt from all excise and income taxes, except for the \$10 fee for each 100 persons, or fraction thereof, to whom electricity is supplied within the state.

4. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities

Legal Citation: R.S. 39:467
Effective Date: May 23, 1985
In General: Any event, activity, or enterprise conducted in certain domed-stadium facilities is exempt from all state and local taxes.

5. Exemption for Events, Activities, or Enterprises Conducted in Publicly-Owned Facilities

Legal Citation: R.S. 39:468

Effective Date: May 23, 1985

In General: Any event, activity, or enterprise conducted in certain publicly owned facilities is exempt from all state taxes provided that the local taxing authority provides exemption from local taxes.

6. Exemption for State Banking Corporations and Shareholders

Legal Citation: R.S. 47:8, R.S. 47:121(2), and R.S. 47:287.71(B)(6)

Effective Date: July 1, 1966

In General: R.S. 47:121(2) exempts state banking corporations from corporation income tax.

Dividends from state banking corporations are excluded from the gross income of corporations. R.S. 47:287.71(B)(6) excludes “[a]mounts received as dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation.”

7. Exemption for Dividends from National Banking Corporations

Legal Citation: R.S. 47:42 and R.S. 47:287.71(B)(6)

Effective Date: 1934

In General: Dividends from national banking corporations are excluded from the gross income of corporations. R.S. 47:287.71(B)(6) excludes “[a]mounts received as dividend income from banking corporations organized under the laws of Louisiana, from national banking corporations doing business in Louisiana, and from capital stock associations whose stock is subject to ad valorem taxation.”

8. Exemption for Interest on State or Local Government Obligations

Legal Citation: R.S. 47:48 and R.S. 47:287.71(B)(4)
Effective Date: 1934
In General: Interest received on obligations issued by the State of Louisiana, or its political or municipal subdivisions is excluded from gross income.

9. Exclusion for Governmental Subsidies for Operating Public Transportation Systems

Legal Citation: R.S. 47:51 and 47:287.71(B)(2)
Effective Date: Tax periods beginning on or after 1-1-79
In General: Funds received by a corporation from a governmental entity to subsidize the operation and maintenance of a public transportation system are excluded from gross income.

10. Exclusion for Income from Carriage on the High Seas

Legal Citation: R.S. 47:53
Effective Date: 1942
In General: Income derived from commerce on the high seas is excluded from gross income. At the time this exclusion was passed in 1942, Louisiana taxed domestic corporations on income from all sources. Since the law was changed to tax only income derived from sources within the state, the apportionment method should achieve the same result.

11. Exemption for Certain Corporations, Organizations, Etc.

Legal Citation: R.S. 47:121(l)-(15); 47:287.501(A), 47:287.501(B)(l), and 47:287.521(A)

Effective Date: 1934

In General: Certain organizations described in the Internal Revenue Code sections 401(a) or 501 are exempt from corporation income tax to the extent that those organizations are exempt from federal taxation. Other organizations are exempt as provided for in the Louisiana corporation income tax statute. The following is a list of exempt entities:

1. Labor, agricultural, and horticultural organizations that are educational or instructive in character, and are designed to encourage the development of agricultural and horticultural products. The income from these organizations must be used exclusively to meet the necessary expenses of upkeep and operation.
2. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the State of Louisiana, who pay a tax for their shareholders, or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations.
3. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members of the society, order, or association or their dependents.
4. Nonprofit cemetery companies owned and operated exclusively for the benefit of their members.
5. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals.
6. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and no part of the net earnings benefits any private shareholder or individual.
7. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes.
8. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes.
9. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses.
10. Farmers' or other mutual hail, cyclone, casualty, or fire insurance companies or associations (including interinsurers and reciprocal underwriters) the income of which is used or held for the purpose of paying losses or expenses.
11. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment.
12. Corporations organized by exempt farmers' cooperatives to finance crop operations of members.
13. Corporations organized for the exclusive purpose of holding title to property, collecting income there from, and turning over the entire amount thereof, less expenses, to organizations that are organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes. No part of the net earnings can benefit any private stockholder.
14. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of the association or their dependents.
15. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits a private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income in respect of investments.

12. Percentage Depletion Deduction

Legal Citation:	R.S. 47:158(C) and R.S. 47:287.745
Effective Date:	1934
In General:	In computing net income for oil and gas wells, taxpayers may deduct the federal cost depletion amount or 22 percent of the property's gross income limited to 50 percent of the net income from the property calculated without the deduction for depletion, whichever is greater.

13. Net Operating Loss Deduction

Legal Citation:	R.S. 47:246 and R.S. 47:287.86
Effective Date:	Tax periods beginning after 12-31-78
In General:	Corporations are allowed to carry a net operating loss deduction back for three years and forward for 15 years. Net operating losses generated after the effective date of a reorganization or merger cannot be carried back to a corporation that does not survive the reorganization except for "F" reorganizations under the Internal Revenue Code. Generally, an "F" reorganization is only a change in identity, form, or place of organization of one corporation.

14. Subchapter S Corporation Exclusion

Legal Citation:	R.S. 47:287.732
Effective Date:	Tax periods beginning on or after 1-1-91
In General:	Corporations classified as "S" corporations under Subchapter "S" of the Internal Revenue Code may deduct a percentage of their Louisiana net income to arrive at taxable income. The percentage is determined by dividing the number of issued and outstanding shares of capital stock of the "S" corporation owned by Louisiana resident individuals on the last day of the corporation's tax year by the total number of issued and outstanding shares of capital stock of the corporation on the last day of the corporation's tax year. No share can go into the numerator unless its owner has, for the tax year of inclusion, filed a correct and complete Louisiana individual income tax return as a resident.

15. Federal Income Tax Deduction

Legal Citation:	La. Const., Article VII, Part I, § 4(A) (West 2001); R.S. 47:55, 47:241, and 47:287.85; 47:300.6; 47:300.7
Effective Date:	1974
In General:	A deduction is allowed for federal income taxes paid on income taxed by Louisiana.

Corporation Franchise Tax Exemptions, Exclusions, and Deductions

Exemptions, Exclusions, and Deductions	Legal Citation	Page No.
1. Exemption for agricultural cooperative, farmer credit, and farmers' credit cooperative associations	R.S. 3:84	74
2. Exemption for cooperative marketing associations	R.S. 3:147	74
3. Exemption for credit union	R.S. 6:662	74
4. Exemption for limited liability companies	R.S. 9:3441-3447; R.S. 12:1301-1309	74
5. Exemption for certain foreign corporations	R.S. 12:302(K); R.S. 12:302(L)	74
6. Exemption for electric cooperatives	R.S. 12:425	75
7. Exemption for events, activities, or enterprises conducted in domed-stadium facilities	R.S. 39:467	75
8. Exemption for events, activities, or enterprises conducted in publicly-owned facilities	R.S. 39:468	75
9. Exclusion for certain indebtedness of vehicle, boat, and equipment dealers	R.S. 47:603	75
10. Exemption for certain corporations	R.S. 47:608(1)(a)-(c); R.S. 47:608(2)-(15)	76
11. Bank-holding corporation deduction	R.S. 47:602(B)	77
12. Public-utility holding corporation deduction	R.S. 47:602(C)	77
13. Public water utility company deduction	R.S. 47:602(D)	77
14. Deduction for members of controlled groups that include a telephone corporation	R.S. 47:602(E)	77
15. Insurance holding corporation deduction	R.S. 47:602(F)	78
16. Regulated public utility company deduction	R.S. 47:605(C); R.S. 47:606(E)	78

1. Exemption for Agricultural Cooperative Associations and Farmer Credit and Farmers' Credit Cooperative Associations

Legal Citation: R.S. 3:84

Effective Date: July 1, 1938

In General: Qualifying cooperative associations are exempt from corporation franchise tax and all other license taxes, except for the annual \$10 license fee paid to the Secretary of State and ad valorem property taxes.

2. Exemption for Cooperative Marketing Associations

Legal Citation: R.S. 3:147

Effective Date: July 1, 1922

In General: These associations are exempt from all franchise or other license taxes, except for taxes on real estate, furniture, and fixtures. But these associations must pay an annual \$10 license fee to the Secretary of State.

3. Exemption for Credit Union

Legal Citation: R.S. 6:662

Effective Date: July 1, 1924

In General: Credit unions are exempt from all taxes except for taxes on immovable property owned.

4. Exemption for Limited Liability Companies

Legal Citation: R.S. 9:3441-3447; R.S. 12:1301-1309

Effective Date: July 7, 1992

In General: Limited liability companies are not subject to corporation franchise tax.

5. Exemption for Certain Foreign Corporations

Legal Citation: R.S. 12:302(K) and R.S. 12:302(L)

Effective Date: 1968

In General: Certain foreign corporations operating as mutual savings banks, mutual savings fund societies, real estate investment trusts, state banks or trust companies, insurance companies, corporations associated with real estate investment trust as its advisor, group insurance and annuity corporations, nonprofit or nontrading corporations are exempt from the corporation franchise tax.

6. Exemption for Electric Cooperatives

Legal Citation: R.S. 12:425

Effective Date: July 18, 1940

In General: Electric cooperatives are exempt from all income and excise taxes, except for a fee of \$10 per each 100 persons or fraction thereof to whom electricity is supplied within the state.

7. Exemption for Events, Activities, or Enterprises Conducted in Domed-Stadium Facilities

Legal Citation: R.S. 39:467

Effective Date: May 23, 1985

In General: Any events, activities, or enterprises conducted in certain domed-stadium facilities are exempt from all state and local taxes.

8. Exemption for Events, Activities, or Enterprises, Conducted in Publicly-Owned Facilities

Legal Citation: R.S. 39:468

Effective Date: May 23, 1985

In General: Any events, activities, or enterprises conducted in certain publicly-owned facilities are exempt from all state taxes provided that the local taxing authority provides exemption from local taxes.

9. Exclusion for Certain Indebtedness of Vehicle, Boat, and Equipment Dealers

Legal Citation: R.S. 47:603

Effective Date: June 25, 2002

In General: Certain indebtedness of motor vehicle, manufactured homes, recreational vehicles, boat, motorcycle, motor home, or farm implement dealers is excluded from borrowed capital in computing corporation franchise tax. The loan agreement must be structured in such a way that the financing is secured by a specific identifiable unit and the loan is repaid as each unit is sold.

10. Exemption for Certain Corporations

Legal Citation: R.S. 47:608(1)(a)-(c) and 47:608(2)-(15)

Effective Date: Various dates from 1958

In General: The following corporations are exempt from the corporation franchise tax:

1. Labor corporations and corporations organized by labor unions or organizations for the purpose of holding title to property;
2. Family agricultural and family horticultural corporations organized under the laws of and domiciled in the State of Louisiana;
3. Certain agricultural and horticultural corporations, other than family corporations organized under the laws of and domiciled in the State of Louisiana;
4. Mutual savings banks, national banking corporations, and banking corporations organized under the laws of the State of Louisiana, who pay a tax for their shareholders or whose shareholders pay a tax on their shares of stock under other laws of this state, and building and loan associations;
5. Fraternal beneficiary societies, orders, or associations operating under the lodge system, or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and providing for the payment of life, sick, accident, or other benefits to members or their dependents;
6. Cemetery companies owned and operated exclusively for the benefit of the members;
7. Any corporation, community chest, or fund, organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, or for the prevention of cruelty to children or animals;
8. Business leagues, chambers of commerce, real estate boards, or boards of trade not organized for profit and no part of the net earnings benefits any private shareholder or individual;
9. Nonprofit civic leagues or organizations operated exclusively for charitable, educational, or recreational purposes;
10. Clubs organized and operated exclusively for pleasure, recreation, or other nonprofit purposes;
11. Benevolent life insurance associations of a purely local character, mutual ditch or irrigation companies, mutual or cooperative telephone companies, or like organizations, but only if 85 percent or more of the income consists of amounts collected from members for the sole purpose of meeting losses and expenses;
12. Insurance companies paying a premium tax under Title 22 of the Louisiana Revised Statutes of 1950;
13. Certain farmers, fruit growers, or like associations organized and operated on a cooperative basis for the purpose of marketing products or purchasing supplies and equipment;
14. Corporations organized by exempt farmers' cooperatives to finance crop operations of members;
15. Corporations organized for the exclusive purpose of holding title to property, collecting income there from, and turning over the entire amount thereof, less expenses, to organizations organized and operated exclusively for religious, charitable, scientific, literary, and educational purposes, no part of the net earnings benefits any private stockholder;
16. Voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the association members or their dependents;
17. Teachers' retirement fund associations of a purely local character, if no part of their net earnings (other than through payment of retirement benefits) benefits any private shareholder or individual, and if the income consists solely of amounts received from public taxation, amounts received from assessments upon the teaching salaries of members, and income from investments.

11. Bank-Holding Corporation Deduction

Legal Citation: R.S. 47:602(B)
Effective Date: Tax periods beginning after December 31, 1970
In General: Bank-holding corporations are allowed a deduction from their taxable base for the portion of their assets used to finance the operation of the subsidiary bank.

12. Public-Utility Holding Corporation Deduction

Legal Citation: R.S. 47:602(C)
Effective Date: June 1973
In General: A deduction is allowed for public utility holding corporations registered under the Public Utility Holding Company Act of 1935. A corporation may deduct from its taxable base that portion of its assets used to finance the operation of its subsidiaries.

13. Public Water Utility Company Deduction

Legal Citation: R.S. 47:602(D)
Effective Date: Tax periods beginning on or after January 1, 1991
In General: Corporations with one or more subsidiary public water utility corporations are allowed to deduct from taxable capital the amount of its investments in and advances to these subsidiary corporations.

14. Deduction for Members of Controlled Groups That Include a Telephone Corporation

Legal Citation: R.S. 47:602(E)
Effective Date: Tax periods beginning on or after January 1, 1994
In General: Any corporation in a controlled group that has a telephone corporation regulated by the Louisiana Public Service Commission as a member is entitled to deduct from its capital stock, surplus, undivided profits, and borrowed capital, its investment in and advances to any member of the controlled group.

15. Insurance Holding Corporation Deduction

Legal Citation:	R.S. 47:602(F)
Effective Date:	Tax periods beginning after June 30, 2002, and ending before January 1, 2005
In General:	A deduction is allowed for a corporation owning at least 80 percent of a property and casualty insurance corporation with capital and surplus of less than \$20 million. A corporation may deduct from its taxable base the amount of its investments in and advances to such subsidiary that is allocated to Louisiana under R.S. 47:606(B).

16. Regulated Public Utility Company Deduction

Legal Citation:	R.S. 47:605(C) and R.S. 47:606(E)
Effective Date:	Tax periods beginning on or after January 1, 1993
In General:	Certain regulated public utility companies are allowed to deduct from surplus those accounts representing assets for which no money, service, or thing of value was paid by the utility companies except for the regulated service or product.

Inheritance Tax Exemptions and Exclusions

Exemptions and Exclusions	Legal Citation	Page No.
1. Exemption for direct descendants by blood or affinity	R.S. 47:2402(1)	80
2. Exemption for surviving spouse	R.S. 47:2402(1)(e)	80
3. Exemption for collateral relations; \$1,000	R.S. 47:2402(2)	80
4. Exemption for strangers or non-related persons: \$500	R.S. 47:2402(3)	81
5. Exemption for bequests to charitable, religious, or educational institutions in Louisiana	R.S. 47:2402(4)	81
6. Exemption for bequests to the state, incorporated municipalities, or political subdivisions for exclusive public use	R.S. 47:2402(5)	81
7. Exemption for bequests to out-of-state charitable, religious, or educational institutions	R.S. 47:2402(6)	82
8. Exclusion for proceeds of life insurance	R.S. 47:2404(C)	82
9. Exclusion for qualified retirement or pension plans	R.S. 47:2404(C)	82

Inheritance Tax Exemptions and Exclusions

1. Exemption for Direct Descendants by Blood or Affinity

Legal Citation: R.S. 47:2402(1)

Effective Date: January 1, 1984

In General: This exemption allows descendants by blood or affinity, ascendants, or surviving spouses (for death's prior to 1992) of a decedent to inherit an initial amount tax exempt. Based upon the time of death, the exemption is as follows:

Deaths in Calendar Year

1983 and prior years.....	\$5,000 each
1984.....	\$10,000 each
1985.....	\$15,000 each
1986.....	\$20,000 each
1987 and thereafter	\$25,000 each

2. Exemption for Surviving Spouse

Legal Citation: R.S. 47:2402(1)(e)

Effective Date: January 1, 1992

In General: This exemption allows the surviving spouse of a decedent who dies in 1992 or thereafter to inherit an unlimited amount tax-free. Although the exemption was passed in 1987, it did not become effective until 1992. The purpose of the exemption is to provide a total exemption for the property inherited by the surviving spouse of the deceased.

3. Exemption for Collateral Relations; \$1,000

Legal Citation: R.S. 47:2402(2)

Effective Date: November 19, 1921

In General: This exemption allows collateral relations, such as brothers, sisters, brothers-in-law, sisters-in-law and their descendants to inherit up to \$1,000 tax-free.

Inheritance Tax Exemptions and Exclusions

4. Exemption for Strangers or Non-related Persons; \$500

Legal Citation: R.S. 47:2402(3)

Effective Date: November 19, 1921

In General: This exemption allows persons and certain entities not related to a decedent to inherit up to \$500 tax-free.

5. Exemption for Bequests to Charitable, Religious, or Educational Institutions in Louisiana

Legal Citation: R.S. 47:2402(4)

Effective Date: November 19, 1921

In General: This exemption allows legacies and donations to charitable, religious, and educational institutions located in Louisiana, to be exempt from inheritance tax.

6. Exemption for Bequests to the State, Incorporated Municipalities, or Political Subdivisions for Exclusive Public Use

Legal Citation: R.S. 47:2402(5)

Effective Date: July 12, 1972

In General: This exemption allows legacies and donations to the State of Louisiana, incorporated municipalities, or political subdivisions, to be exempt from inheritance tax.

Inheritance Tax Exemptions and Exclusions

7. Exemption for Bequests to Out-of-state Charitable, Religious, or Educational Institutions

Legal Citation: R.S. 47:2402(6)

Effective Date: July 12, 1974

In General: This exemption allows legacies and donations to charitable, religious, or educational institutions located in other states or territories of the United States, to be exempt from inheritance tax provided reciprocity exists between the State of Louisiana and the other state or territory.

8. Exclusion for Proceeds of Life Insurance

Legal Citation: R.S. 47:2404(C)

Effective Date: July 18, 1968

In General: This exclusion allows the proceeds of life insurance payable to a named beneficiary, other than the estate of a decedent, to be excluded from inheritance tax.

9. Exclusion for Qualified Retirement or Pension Plans

Legal Citation: R.S. 47:2404(C)

Effective Date: July 18, 1968; Amended June 8, 1992

In General: This exclusion allows the proceeds of a retirement or pension plan payable to a named beneficiary, other than the estate of the decedent, to be excluded from inheritance tax, if the plan is qualified under Sections 401 or 408 of the Internal Revenue Code.

Gift Tax Exemptions and Exclusions

Exemptions and Exclusions	Legal Citation	Page No.
1. Specific lifetime-donor exemption; \$30,000	R.S. 47:1205(B)	84
2. Exemption for gifts made to charitable, religious, or educational institutions located in Louisiana	R.S. 47:1204(1)	84
3. Exemption for gifts made to the United States, the state of Louisiana, or any political subdivision or civic organization	R.S. 47:1204(2)	84
4. Exemption for gifts to spouse	R.S. 47:1204(3)	85
5. Annual exclusion; \$10,000 per donee	R.S. 47:1205(A)	85

Gift Tax Exemptions and Exclusions

1. Specific Lifetime-Donor Exemption; \$30,000

Legal Citation: R.S. 47:1205(B)

Effective Date: July 12, 1972

In General: This exemption allows each donor to exempt up to \$30,000 during his lifetime in computing the amount of any gift subject to the gift tax. A donor may claim the total, or any portion of the specific lifetime exemption in any calendar year, or spread it over many calendar years.

2. Exemption for Gifts made to Charitable, Religious or Educational Institutions located in Louisiana

Legal Citation: R.S. 47:1204(1)

Effective Date: July 12, 1940

In General: This exemption allows gifts made exclusively to charitable, religious, or educational institutions located within Louisiana to be exempt and excluded from the gift tax, if no part of the net earnings benefits any private shareholder or individual.

3. Exemption for Gifts made to the United States, the State of Louisiana, or any Political Subdivisions or Civic Organization

Legal Citation: R.S. 47:1204(2)

Effective Date: July 12, 1940

In General: This exemption allows gifts made to the United States, the State of Louisiana, or any political subdivision thereof, or civic organization to be exempt and excluded from the gift tax, if the donor does not benefit directly or indirectly by the gift.

Gift Tax Exemptions and Exclusions

4. Exemption for Gifts to Spouse

Legal Citation: R.S. 47:1204(3)

Effective Date: July 2, 1987

In General: This exemption allows gifts made by a person to their spouse during the calendar year 1992 and thereafter to be exempt and excluded from the gift tax.

5. Annual Exclusion; \$10,000 per Donee

Legal Citation: R.S. 47:1205(A)

Effective Date: January 1, 2002

In General: This exclusion allows \$10,000 plus an amount indexed for inflation to be excluded annually in computing the amount of gifts made to each donee in any calendar year.

For the period 1986 through 2001 the annual exclusion was \$10,000 per donee.